

Ahead of the Curve

WELLS
FARGO

ADVANTAGE
FUNDS

Portfolio Construction

Customized for each fund's unique & specific financial objectives & risk profile

Portfolio Guidelines

- Average number of holdings: 75 – 100
- Duration band: $\pm 30\%$ around portfolio benchmark
- Sector diversification
- Geographic diversification

- **Bond insurance: deliberate diversification among the five major monoline insurers & other credit enhancement providers**

- Security weighting

Tax Efficiency Considerations

- Crossover analysis
- National vs. state exempt
- AMT impact
- Anticipated tax bracket changes
- Expertise with state specific portfolios

Sector and Credit-Quality Allocation

Monoline Insurance Exposure

As of June 30, 2008

	CA Tax-Free Fund	CA Limited-Term Tax-Free Fund
MBIA	13.6%	6.8%
AMBAC	13.5%	13.5%
FSA	7.2%	12.4%
FGIC	5.1%	5.4%
XCLA	2.6%	0.3%
AGO	1.25%	0.6%
CIFG	0.8%	--

Source: Wells Capital Management. Allocations are subject to change and may have change since date specified.